

## Message Text

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15

ACTION AF-04

INFO OCT-01 SS-14 ISO-00 NEA-06 EUR-10 NSC-10 NSCE-00

CIAE-00 INR-10 NSAE-00 RSC-01 EB-03 L-02 PM-03 PRS-01

CIEP-01 OMB-01 SCEM-01 TRSE-00 DRC-01 /069 W

----- 121320

R 140912Z NOV 73

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 0735

INFO USINT ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

C O N F I D E N T I A L TRIPOLI 1440

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, LY

SUBJECT: LIBYAN CUTBACK AND EMBARGO APPLICATIONS

1. INDUSTRY SOURCES HAVE PROVIDED FOLLOWING FIGURES  
SHOWING PRODUCTION BEFORE AND AFTER OAPEC 25 PERCENT  
CUTBACK RESOLUTION:

COMPANY	SEPTEMBER 1973	NOVEMBER 1973	NOV/SEPT PERCENTAGE
	PRODUCTION THOUSANDS OF BBLS	PRODUCTION THOUSANDS OF BBLS	

OASIS 819.0 500.0 (FIRM) 61

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OCCIDENTAL 439.9 295.0 (FIRM) 67

ESSO	297.0	253.0 (FIRM)	85
AMOSEAS	131.0	105.0 (FIRM)	80
AGEC	273.0	273.0 (GUESS)	100
MOBIL-			
GELSENBERG	140.1	105.0 (FIRM)	78
AQUITAINE	11.5	11.5 (GUESS)	100
AMOCO	6.3	0 (PROBABLE)	--
NOC-ENI	168.3	168.3 (GUESS)	100
TOTALS	2286.1	1710.8	75

NOVEMBER FIGURES SHOWN AS "FIRM" ARE BASED ON STATEMENTS BY COMPANY MANAGERS. "PROBABLE" AMOCO ZERO PRODUCTION LISTED BECAUSE OF STATEMENT BY LIBYAN DIRECTOR AT OASIS WHO SAID AMOCO SHUT IN BECAUSE ITS TOTAL PRODUCTION IN PAST WAS EXPORTED TO U.S. INDUSTRY SOURCES SUSPECT LARG HAS DECIDED TIME IS RIPE TO TAKE OVER AMOCO. LARG, THEREFORE, PUSHING COMPANY TO ABANDON CONCESSION BY WIPING OUT PRODUCTION.

2. ANALYSIS SHOWS THAT WHILE LARG FOLLOWING GAME PLAN PROVIDING COMPLIANCE WITH OPEC DEMAND FOR 25 PERCENT CUTBACK, IT ALSO MAXIMIZING LARG INCOME. CUTBACK INCLUDES, IS NOT IN ADDITION TO, U.S./NETHERLANDS EMBARGO. 25 PERCENT CUTBACK APPARENTLY ABSORBED ENTIRELY BY PRIVATE FIRMS, MOSTLY AMERICAN. NATIONAL OIL COMPANY AND ARAB GULF EXPLORATION COMPANY HAVE PROBABLY NOT HAD ANY PRODUCTION CUTBACK. GUESS IS THIS ALSO TRUE FOR AQUITAINE. CUTBACK SET SO THAT OASIS AND OXY (LARG'S 51/49 PERCENT PARTNERS) SUFFERING MOST, ESPECIALLY AS THEY HAD RECENTLY ENLARGED PRODUCTION AT LARG REQUEST. RELATIVELY LIMITED CUTBACK OF MAJORS IS APPARENTLY RESULT LIBYAN ABILITY TO MAXIMIZE LARG INCOME BY SELLING "HOT OIL" AT MARKET PRICES (PROBABLY WELL OVER \$8 PER BBL) RATHER THAN REALIZING BUY-BACK PRICES AGREED TO WITH OASIS AND OXY (MAXIMUM NOW \$7.50 PER BBL).

3. EXTENT TO WHICH LARG MOTIVATED BY SELF-INTEREST IS CLEAR. IT EQUALLY CLEAR THAT LIBYANS HAVE NOT HESITATED TO PENALIZE IN PARTICULAR THOSE COMPANIES THAT HAVE GONE ALONG WITH LARG'S FORCED PARTICIPATION SCHEME. NOTE: CONFIDENTIAL

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SOURCES OF ABOVE INFORMATION ARE MAJOR OIL COMPANY MANAGERS. THEY COULD BE EMBARRASSED IF OCCIDENTAL OR MEMBERS OF OASIS GROUP USED IT IN ARGUMENTS WITH LARG TO IMPROVE OXY/OASIS POSITION AT EXPENSE OF MAJORS. THIS MESSAGE, THEREFORE, TRANSMITTED LIMDIS AND SHOULD NOT BE DISCUSSED WITH OIL INDUSTRY.

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, PETROLEUM PRODUCTION, PETROLEUM INDUSTRY, EMBARGOES, PETROLEUM CONCESSIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 NOV 1973  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition Reason:**  
**Disposition Remarks:**  
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**Handling Restrictions:** n/a  
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**Office:** ACTION AF  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
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**Review Exemptions:** n/a  
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30 JUN 2005

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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LIBYAN CUTBACK AND EMBARGO APPLICATIONS  
**TAGS:** ENRG, LY, OAPEC  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005